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SUBJECT: FAYYAD TO DONORS: AFTER GAZA, PALESTINIAN
RECONCILIATION IS NEEDED

1. (SBU) Summary: Palestinian Authority (PA) Prime Minister Salam Fayyad called for national reconciliation in conjunction with a comprehensive plan to rebuild Gaza. He said that the GOI needs to allow in "more than food and medicine" and lamented restrictions on cash transfers that continue to restrict relief operations. He outlined a plan for international donor conferences to support Gaza recovery and the PA's fiscal needs, beginning with a meeting in Cairo to solicit humanitarian support for UN agencies. He said the PA's financial situation is so dire that he will have trouble making the next salary payments. Donors uniformly supported the PM's message, stressing the importance of open borders and available cash in Gaza as central to the relief and recovery effort. End Summary.

Fayyad: Time to "Unify our Country"
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2. (SBU) PM Fayyad told donors in Ramallah on January 22 that the international effort to secure a durable ceasefire is now "only focused on issues important to Israel; this is not helpful." He said the return of the PA to Gaza and the opening of the crossings are a "key part of any ceasefire agreement." By focusing only on the need to stop rocket attacks out of Gaza and the threats to Israel, the international community risked "cementing the separation between Gaza and the West Bank."

3. (SBU) Fayyad acknowledged a number of practical questions about Gaza's reconstruction. The best way to address these questions, he said, is through a Palestinian government that "reunites our country" and can act in both the West Bank and Gaza. A unified government, he said, would also need to be able to deal with the international community on reconstruction issues, and is the only way to ensure a comprehensive, not piece-meal, approach to Gaza.

4. (SBU) Fayyad said the Israeli military operation in Gaza had created "an absolutely catastrophic situation on the ground." He noted massive amounts of assistance are needed and that UN agencies, such as UNRWA, are best suited to implement recovery programs. Fayyad urged the international community to see humanitarian assistance as more than food and medicine. He called for the GOI to allow into Gaza cash and material to repair water and electricity networks, provide shelter for displaced people, and allow construction to begin. (Fayyad noted that the GOI had allowed only UNRWA to transfer banknotes into Gaza over the past month, a situation that is imposing additional hardships on people who cannot access their bank accounts for needed purchases.)

5. (SBU) Existing donor mechanisms, Fayyad said, should be used for recovery and reconstruction. He endorsed a donors

meeting in Egypt in February. There would need to be another meeting, shortly after Cairo, he said, to fold Gaza's needs into overall PA planning. This second meeting would be linked to the AHLIC and would additionally focus on securing donor support to meet the PA's 2009 external financing needs.

(Note: The Norwegian representative noted later that they hope to hold an AHLIC as early as February 24. End Note.)

¶6. (SBU) The PA, Fayyad said, does not currently have enough cash to make salary payments next month, "and there isn't enough money in the pipeline to do the trick." He noted the PA continues to pay salaries to its Gaza employees, an increasingly important source of income in the aftermath of the fighting. The PA is also taking on additional social welfare payments in Gaza, but funding for Gaza would be cut if the PA cannot close its recurrent deficit, he said. (Fayyad noted that he expects the Norwegian FM to circulate a letter outlining the PA's budget needs as early as January 23.)

PA Is Planning

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¶7. (SBU) Minister of Planning Samir Abdullah told the group that PA Ministries have begun work on a consolidated "Early Recovery and Reconstruction Plan". Abdullah said the work is being conducted in close cooperation with the UN. The plan will consider the prioritization and sequencing of humanitarian needs, recovery, and longer-term reconstruction and development. The plan will also address the need to channel funds in a transparent manner through the PA's Single Treasury Account or existing trust funds. Abdullah noted

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that he hoped to distribute a concept note and additional details on the Ministry of Planning's effort in the coming week.

Donors Focus on Access and Cash

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¶8. (SBU) In response to the PM's comments, Consul General Walles urged donors to put the PA in the forefront of assistance efforts for Gaza, including by helping the PA meet its financing needs. The Consul General emphasized the importance of UN agencies as a vehicle for disbursing assistance quickly. He called on donors to support the UN's upcoming emergency appeal, and he urged use of existing donor structures, including the AHLIC, to coordinate assistance between the PA, donors, and the GOI. He said the competition between capitals to host donor meetings is an "unnecessary distraction," and that donors should follow PM Fayyad's lead on when and where to meet.

¶9. (SBU) Other donors supported Fayyad's call for open borders as critical to any relief operation. Deputy UN Special Coordinator Max Gaylard noted that UN U/SYG John Holmes was in Gaza on January 22 to launch a quick assessment, the results of which would be released as a Special Appeal. Gaylard noted that humanitarian shipments into Gaza have increased in recent days, though he called the volumes "totally insufficient" to meet Gaza's needs. "We are seeing indications of a return to the pre-fighting processes and restrictions at the crossings. This would be unsatisfactory."

¶10. (SBU) The Czech representative (as EU President) called for the reactivation of the 2005 Access and Movement Agreement. He said that the international community needs to make sure that Hamas does not take control of international assistance and that donors maintain support for the West Bank while attention is focused Gaza's needs. "The PA is in a tough position," he said. "They met their obligations to ensure that the West Bank remained calm and instability did not spread, which made them unpopular with their people."

¶11. (SBU) World Bank head David Craig commended the PA's leadership, stressed the importance of getting cash into Gaza to disburse salaries and facilitate social welfare payments, and said "the most important thing" is the progressive opening of the crossings for humanitarian, commercial, and project goods. Norway, France, the IMF, and the Quartet Representative's office all echoed the same themes.
WALLES